



2009

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Riddell Sports
COUNTRY: China
FACTORY CODE: 230015414H
MONITOR: Level Works Limited
AUDIT DATE: September 1 – 2, 2009
PRODUCTS: Plastic Toys
PROCESSES: Cutting, Injection Molding,
Paint Spraying, Printing, Assembly,
Inspection, Packing
NUMBER OF WORKERS: 1000



CONTENTS:

Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses _____	3
Freedom of Association: Right to Freely Associate _____	5
Code Awareness: _____	6
Code Awareness: _____	7
Code Awareness: _____	8
Health and Safety: Safety Equipment and First Aid Training _____	9
Health and Safety: Personal Protective Equipment _____	10
Health and Safety: Chemical Management and Training _____	11

Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Noncompliance

Explanation: In accordance with the PRC Labor Law Article 72, employing unit and workers must participate in social insurance and pay social insurance premiums in accordance with the law; and according to Article 73, laborers shall enjoy social insurance benefits under the following circumstances: a) retirement, b) illness or injury, c) disability caused by work-related injury or occupational disease, d) unemployment and e) childbearing.

Therefore, according to this national law, all five types of social insurance schemes mentioned above should be provided for all employees of a factory. The last social insurance/security payment was made on August 3, 2009, all employees had participated in injury insurance and disability caused by work-related insurance, yet only 48% employees had participated in unemployment insurance and retirement insurance. Moreover, there was no worker who had participated in the childbearing insurance. However, the factory had obtained a written waiver from the local social insurance bureau.

***Notes: All workers can participate in retirement, illness, work-related injury and unemployment insurance. However, migrant workers were not allowed to participate in childbearing insurance in [city name].

Plan Of Action: We visited the factory in August 2010 to ensure appropriate actions are in process. The factory confirms this is an "interim" plan. In 2010, the factory proposes to increase the coverage of social insurance from 48% to 55%. And then in 2011, they will increase that to 60%. They will reach 80% by 2012, and 100% by 2013. By 2013, all of the workers will be covered. At the moment, the workers are covered; they keep their own part of the contribution each year. Then, when they decide to terminate their employment with the factory, they are paid for the number of years that they worked. See additional details from Health Insurance.

Deadline Date: 09/11/2009

Supplier CAP: The factory has asked all employees to participate in the social insurance scheme. However, not all employees wanted to participate in the scheme because they did not want to pay their part of the contributions. Therefore, the factory saved the portion of the factory's contribution, and will pay the employees when they decide to leave the factory for good. The childbearing insurance is covered under the health insurance plan.

Supplier CAP

Date:

Action Taken:

Plan No

Complete:

Plan

Complete

Date:

Freedom of Association: Right to Freely Associate

FOA.2 Workers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers. (S)

Noncompliance

Explanation: FLA Comment: The Chinese constitution guarantees Freedom of Association (FOA); however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union - the All China Federation of Trade Unions (ACFTU). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of FOA, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. However, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms. The Amended Trade Union Act of Oct. 2001 stipulates that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. Trade unions also have an enhanced role in dispute resolution. In Dec. 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.

Plan Of Action: The factory has and will follow national laws on labor or trade unions requirements. Will look into the latest developments and implement where necessary.

Deadline Date: 12/31/2009

Action Taken: During the August 2010 factory visit, the factory confirmed that the employment environment here encourages and allows workers total freedom of association without restrictions. All of the workers are aware of this and are therefore not reminded by the factory.

Plan Complete: No

Plan Complete Date:

Code Awareness:

GEN.1 Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.

Noncompliance

Explanation: It was noted that company did not provide a code of conduct to the factory.

Plan Of Action: Will request a copy of Riddell's Code of Conduct document and post it in the factory's cafeteria and dormitory.

Deadline Date: 12/31/2009

Action Taken:

Plan Complete: No

Plan Complete Date:

Code Awareness:

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

Noncompliance

Explanation: 1. It was noted that workers were not orally informed of the code or code provisions at the time of induction and on an ongoing basis.

2. It was noted that the company did not send compliance staff or designated service providers to visit and implement the company compliance program in the factory.

Plan Of Action: The factory did have training sessions at the time of induction or orientation. It was not specifically mentioned that it was the code of conduct, and therefore it might not have been recognized as the code of conduct training session. The factory will create a separate session just for code of conduct and will also try to prepare more follow-up sessions where possible.

Deadline Date: 02/10/2010

Action Taken:

Plan Complete: No

Plan Complete Date:



Code Awareness:

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Noncompliance

Explanation: It was noted that company did not provide the confidential noncompliance reporting mechanism which allows factory workers to contact the company directly.

Plan Of Action: The factory has followed all labor law requirements to enable the workers to file their grievances through mail or phone connections. The factory would not and has not stopped anyone that would want to contact Riddell directly. Contact information is shown on product packaging. Will discuss further with Riddell and see how this can be made more prominent as necessary.

Deadline Date: 12/31/2009

Action Taken:

Plan Complete: No

Plan Complete Date:

Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: 1. In accordance with the PRC Design Regulations for Fire Extinguisher Installation (GBJ 140-90) Article 5.1.1, fire extinguishers shall be installed in a distinct and easily accessible location, and shall not be hindered. It was noted that three fire extinguishers were blocked in the injection molding section.

2. In accordance with the PRC Design Regulation for Fire Extinguisher Installation (GBJ 140-90) Article 5.1.3, portable fire extinguishers shall be installed in a way that the height from the top of the extinguisher to the floor should be less than 1.50m, and the height from the bottom of the extinguisher to the floor should not be less than 0.15m. It was noted that three fire extinguishers were put on the floor in packing section #2.

3. It was noted that no procedure was posted that deals with first aid.

4. It was noted that all first aid kits in the workshops were locked and it was hard to reach the key.

Plan Of Action: The factory has double checked all fire extinguisher installations to make sure that they don't block access ways and are properly hung at the right locations and levels. The first aid boxes were normally under the supervision of the line supervisors to avoid unnecessary losses. Have removed the locks.

Deadline Date: 09/30/2009

Supplier CAP: The factory already has a first aid procedure. A copy (attachment1.pdf) of 1) the emergency first aid procedure; 2) the training documentation for emergency first aid, the use of fire extinguishers and the proper placement of fire extinguishers and 3) one of the training attendance records with signatures has been sent to the FLA for inclusion into the report.

Supplier CAP Date:

Action Taken:

Plan Yes
Complete:

Plan
Complete
Date:

Health and Safety: Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

Noncompliance

Explanation: In accordance with the PRC Factory Safety and Sanitary Regulations Article 74, in any one of the following cases, a factory should provide its workers with working clothes or aprons and, according to needs, provide protection gear, including helmets, gas masks, gloves, leg guards and shoe covers:

1. Operations that are susceptible to causing burns, scalding or abrasions from moving mechanical parts;
2. Operations under intense radiation heat or low temperature conditions;
3. Operations with a toxic environment, or involving infectious substances or a large amount of dust;
4. Operations that often cause clothes to be worn out, wet or especially dirty. It was noted that about 12 workers did not use face masks and gloves while conducting tempo printing works.

Plan Of Action: Tempo printing workers have been issued face masks and gloves.

Deadline Date: 09/30/2009

Action Taken: The factory provided documented proof that they have a procedure and are in compliance. File (attachment2.pdf, sent to FLA staff) shows a list of the chemicals in the factory. It is mainly related to paint, paint thinners and cleaning solutions. Also included are the contents of the training on the use of chemicals and the attendance records.

Plan Yes
Complete:

Plan
Complete
Date:

Health and Safety: Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Noncompliance

Explanation: In accordance with the Regulation For Chemical Usage Safety in Work Place Clause 27, staff and workers are entitled to receive:

1. Date and information in description of the specific characteristics, hazardous ingredients and safety precaution marks of the chemicals to be used in the working premises, instructions upon safety techniques, etc.;
2. Information concerning the probability of harm to the safety and health of staff and workers, caused by dangerous chemicals in the working process;
3. Training upon safety techniques, including training with regard to prevention, control, danger avoiding methods, handling of emergency cases or emergency measures;
4. Labor protection articles in conformity to state stipulations. It was noted that the chemicals which were used to clean the plastic toys were found without proper labels.

Plan Of Action: The factory reviewed all bottles being used in the factory assembly lines and have made sure that all missing labels are replaced.



Deadline 09/30/2009
Date:

Action The factory provided documented proof that they have a procedure and are in
Taken: compliance. File (attachment2.pdf, sent to FLA staff) shows a list of the chemicals in the
factory. It is mainly related to paint, paint thinners and cleaning solutions. Also included
are the contents of the training on the use of chemicals and the attendance records.

Plan Yes
Complete:
